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## CEO Message



Since our last communication, I have spent most of my time in opening up new markets for ICMA. This has taken me to China and Vietnam, and also ICMA is about to finalise an MOU to open its first program in Europe, in Cypress. Once, these negotiations are finalised, I will bring you more information.

China, as always, remains very difficult to penetrate. We already have a program running via a university in China at the Nanjin University of Finance and Economics, but a broader market remains elusive. However, the head of our Hong Kong Provider, Mr Allen Wong is a dynamic miracle worker, and I have great hopes for China. It is unfortunate that China is the manufacturing centre of the world, but the only accountants that have made any headway there are the scorekeeping financial accountants! China's need for expert management accountants is great, but they don't know it yet.

On the education front, the MBA (CMA Conversion) program from the University of Southeastern Florida that was the subject of a personal email to you was well received by CMA members, with about 50 enrolling in the first week. However, the University has had temporarily put its programs on hold till its licence is reviewed. The issue is that licensing boards are yet to catch up with the concept of a university fully built on MOOC philosophies. Therefore, as most CMAs have learnt in their studies, whilst there are significant advantages in being a "First Mover"; there are disadvantages as well, as often new regulation has to be devised. The second mover has fewer costs, as the first mover has paved the way.

So keep your eyes on this space.

Best Wishes

***Professor Janek Ratnatunga***  
***CEO, ICMA Australia***



## Digital Revolution has Changed CFOs Face

Information technology has changed everything in this world. The role and façade of Chief Finance Officer (CFO) has also gone under a revolutionary transformation with the advent of computer, the internet and visual tools. It is strange because CFO never valued IT so much and always considered their jobs tougher than that of IT managers. But today, every action of a CFO needs IT, be it tracking data, supervising a firm's actions and operations or carving out a business model or plan.

Twenty years back, when computing and information technology had emerged, no CFO depended upon them. But today, CFO's do the mere job of presenting what data computers already collect, observe and analyse. They have become a display of data and models.

This has expanded the role of IT department in any company or organization. In many case data control is in the hands of CFOs and this makes them directly connected with the IT department as all data collected, computed and treated is reported to the CFOs by Chief Technology Officer (CTO) and CFOs then give them to senior management officials.

Digital revolution thus has changed the hierarchy of corporate world and intra-organizational relations. Today business technology is the backbone of any organization on the basis of which it operates and not a mere back office work as it used to be 20 years back. In fact most of the organizations used IT to make their websites and represent themselves in virtual world. In this regard, IT had least value for real world operations.

The second digital revolution commenced with ability to offer 24/7 service to customers through the help of IT. This changed the entire working setup and processes. E-business models emerged and soon they became vital for every sales person and marketing. E-business brought a strategic change in the role of CFOs as their work expanded beyond financial management. Now, with the use of IT, online information and told, they get better business understanding and can formulate more effective plans.

This also increased need for efficiency for a CFO. Now only flair for accounts and records was not enough to be a

good CFO, rather need to be adept in resolving issues, communicate effectively and formulate risk strategies. They need to assess budgetary impacts of a firm's operations and stakes and need to carve out long term plans.

Social media became a part of Information that CFOs need to encounter. Since social media is used as a business platform, to reach people and organizations, many of PR responsibilities also fell on the shoulders of a CFO as they need to manage funds and resources for investing on social media tools and formulate marketing strategies with cooperation of CTOs. Nonetheless legal issues associated with online world also emerged in front of CFOs and they need to understand and tackle those issues too.

In IT world, information security is a big issue. Since all internal data is now recorded, tracked and used through computers and the internet, CFOs responsibility also expanded in handling safety of financial records and plans.

Thus, today CFOs work not just as accounting officers rather they work at the confluence of IT and business management. They have to adopt defensive strategies in order to retain company's position in the market competition and look for IT-enabled alternatives that can give their company an edge over others.



## Sri Lanka: ICMA (Australia) Graduation 2013



*The Chief Guests (above), and the lighting of the traditional oil lamp at the commencement of the Graduation Ceremony (below)*

The annual graduation ceremony of the Institute of Certified Management Accountants (ICMA) Australia was held at the BMICH recently amongst a group of distinguished guests and invitees. Gracing the occasion on this year's graduation were the Chief Guest Mr. Ajith Nivard Cabraal - the Governor of the Central Bank of Sri Lanka, Guest of Honour Professor Janek Ratnatunga – ICMA CEO and Chair Education Committee and Mr. Murali Prakash - President ICMA Sri Lanka Branch.

Large number of Certified Management Accountants (CMAs), Associate Management Accountants (AMAs) and Graduate Management Accountants (GMAs) graduated at the ceremony making it one of the highest attended graduation ceremonies. The graduands included leading entrepreneurs, CEO's, Managing Directors, Directors, General Managers, Consultants and Senior Executives from the public & private sector organizations and multinationals. Most candidates have joined the ICMA Graduate Conversion Programme with their professional, bachelors or masters level qualifications in Banking, Marketing, Engineering, Law and Human Resources. The others have directly joined ICMA Qualifying Workshop with their professional Accountancy qualifications.

The Chief Guest at the event Mr Nivard Cabraal highlighted the fact that the country's economy is now on a high growth mode targeting a USD 100 billion economy with USD 4,000 per capita income. "The country requires knowledgeable, competent and innovative professionals with the skills required for the 21st century knowledge economy to spearhead the vision of being the Miracle of Asia". He further emphasized the importance for professionals to keep abreast of the changes happening globally and continuously acquire new knowledge. "If not they will be out of touch and outdated" he continued. ICMA (Australia) is one qualification which helps professionals and graduates to move forward in this direction expanding their knowledge horizons by acquiring a high level of financial literacy and improving lateral thinking. Mr Nivard Cabraal congratulated the graduates on their achievement and thanked ICMA (Australia) for offering the programme in Sri Lanka.



Prof Janek Ratnatunga mentioned about 'connecting the dots'. He continued "This can only be done backwards, and gave an example of how Apple's Steve Jobs realised that a college course he went to years before was so influential in the design concepts he brought to Apple". Professor Ratnatunga connected his own dots, and said that upon entering KPMG as an 'article clerk' to do chartered accountancy, a major dot was Mr Nivard Cabraal, the Governor of the Central Bank. Mr Cabraal had won all the prizes, and Prof Ratnatunga wanted to beat him. "I never could, but the discipline, that the chase gave me, served me well for my very successful academic career later". He emphasized that the CMA program will no doubt be an important dot in the professional careers of all the graduates.

Mr Kapila Dodamgoda, CEO of ICMA (Australia) – Sri Lanka Branch announced the Gold Medalists with excellent performance. ICMA Australia is the fastest growing post graduate level accounting qualification in the World with an increasing membership in Australia, India, Malaysia, Philippines, Indonesia, Hong Kong, Lebanon, UAE and Sri Lanka. Certified Management Accountant (Australia) is an internationally acclaimed professional qualification that offers competitive advantage to non financial professionals in an ever-changing business environment today.

*A selection of graduates*



## Career of a Management Accountant

If you dream to be a management accountant you need to have passion for keeping track of financial records. The position of a management accountant has responsibilities as well as power. This article will help you to know the skills you need to strengthen to become a successful management accountant.

There are professional and educational qualifications like CMA Australia you need to acquire first of all if you aspire to go for management accounting jobs.

Management accountants usually work for private, public companies or government agencies. They are known by different names like cost accountant, managerial accountant, industrial accountant or corporate accountant too. Their functions are more or less same, however for some; the job also involves public accounting apart from preparing data for in-house circulation.

The major chunk of management accountants' job involve recording and making internal reviews, assess budgets and help a firm in improving its performance as well as investments in different ventures. Therefore, it can be said that for any company, its accountant manager is a risk manager, who budgets, plans, formulate strategies and make decisions for betterment of its business prospects. It is true that accountant managers are not general managers or directors who actually take decisions but they are the real workers who make this decision making process relevant and viable by evaluating their risks and advantages.

The responsibilities of a management accountant differ depending upon the size and type of firms. In general, they are supposed to supervise basic accounting, record income and expenditure of a firm, check tax liabilities and make income statements and balance sheets however in a small company these tasks are performed by the management accountant himself. He then presents it to senior management for further operations and decision making.

The job a management accountant is not finished yet. He or she also has to look for market trends, analyze company's growth and manage risk, look for funding alternative measures and also monitor overall functioning of the organization.

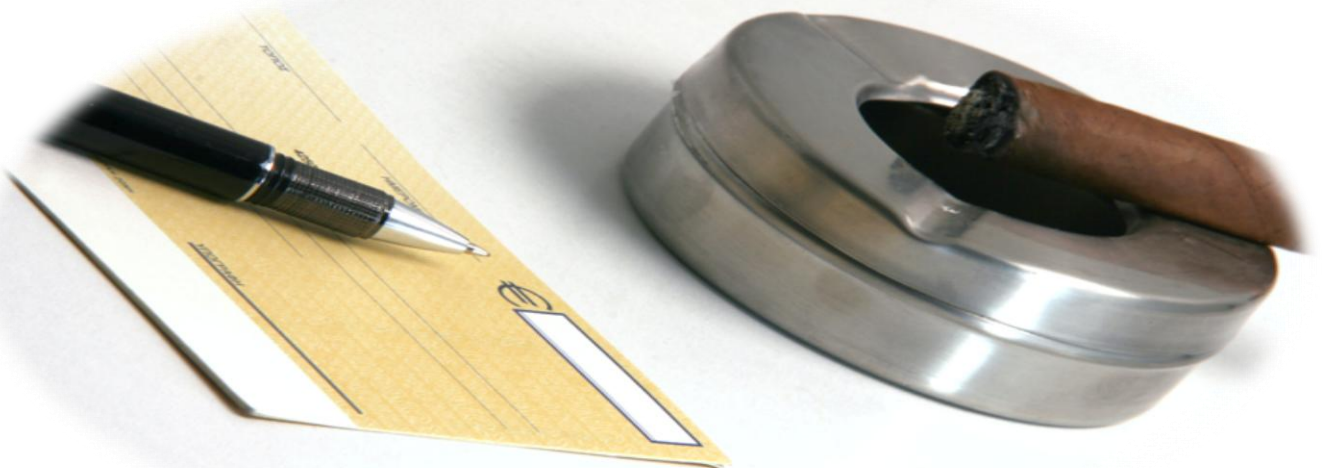
Therefore, you need to be master of all things simultaneously to be a management accountant. A flair for numbers, data, and records with a strong power to analyze and observe business processes are must to be a management accountant. He or she need to have strong accounting skills, basic knowledge of mathematics and logical thinking to grasp complex budgets and market processes, taxation issues and financial laws. They need such skills to help a company drive toward growth assessing its ability and adjusting to market situation, customers' demands and administrative provisions. To present his views, observations and judgment, a management accountant need to have good communication skills too. His planning, strategies and risk management measures need to be presented in an effective manner in order to make senior managers and directors convinced.

In nut shell, while other managers are engaged in contemporary issues, a management accountant has the task to show a company its future with its running strategies. This is why fund management, structuring and capital investment decisions are given to him.

Formally, management accountants need to have a bachelor's degree in accounting or finance. Having an MBA in finance or accounts is a plus but not necessary. Most of management accountants opt to expand their academic qualification with a CMA Australia credentials even when they get jobs so that they can get promotion and better salaries.



## CFOs Lure Investors with Compelling Stories



For every salesman storytelling is easy and this is what makes them good at selling. Similarly, a CFO also attracts investors by telling good stories.

Most of business firms spend more on public relations and advertising than what they spend on their actual products. That is why most of the high-tech companies waste 50 percent of their revenue on popularizing their products. In order to compensate, they definitely have to reduce cost somewhere be it compromising with their employees' salaries and benefits or reduce cost of production.

A book "The Challenger Sale" has recently been released by Brent Adamson and Mathew Dixon of CEB, formerly Corporate Executive Board, which gives a detailed analysis of a survey of 6,000 sales representatives. The questions asked in the survey were regarding skills that make effective salespersons. The author says 'Challengers' were those who knew how to teach, tailor and take control of the things. Taking the first condition as primary, I must say that sales begin with teaching. Here teaching refers to the fact that a salesperson need to have knowledge about his business and have skills to pass that knowledge to his clients in way that he or she gets fully convinced.

Recently I came across the CIOs of Qualcomm, San Diego Gas & Electric and Amylin Pharmaceuticals. They expressed their dislikes any typical salesperson asking "what keeps you up last night?" However, this is not the way a salesperson should teach his potential client. It is recommended to watch some salesman or a team talking about cloud computing.

So stories are stories indeed. No matter what the truth is, as a CFO you need to explain about your company to your investors. But here the story needs to be told in a very effective manner to leave a long impact on investors. Thus communication needs to be here like an effective teaching that makes people rely on what you say. If you have ever heard NPR's "This American Life" you can compare your own power of convincing people. It becomes trickier to convince people especially without visual aid but this particular program runs for an hour keeping listeners hooked. Imagine if your company's salespersons get such magical communication skills!

Perhaps, it is possible. Being a student of a convincing teacher is never so bad. Ira Glass, who hosts and produces "This American Life" is visible on YouTube too in different video talks that you can view and listen to her to get trained as a storyteller. Also Melissa Marshall's TED Talks are also good to get inspired. She teaches scientists to tell their stories in a way that even laymen can understand.

Peter Guber, the famous movie producer recently released a book "Tell to Win: Connect, Persuade, and Triumph with the Hidden Power of Story." Guber discusses several instances from his own experiences of storytelling that helped him rise in career.

So, if you want your company to be on the top, learn to present it like that. Unless your articulation convinces people, you can not become a successful salesperson neither a CFO.

## Why Some Forecasting Can Be a Waste of Time

CFOs and their staffs who are thinking about increasing the use of their forecasts should heed a warning sign from a new survey: Eighty percent of mid-size to large companies are making hay out of less than one-half of their potential productivity of their budgeting and forecasting efforts.

The findings are from a global survey of 138 CFOs, financial-planning-and-analysis directors and controllers taken during the first half of this year by CEB, a member-based advisory.

The time it takes to go through the forecast process has something to do with why corporate executives are not getting as much out of their forecasts as they might hope. Eighty-two percent of the respondents are dissatisfied with the time put into the forecast, while 18 percent are satisfied.

Respondents also cited “timeliness” (45 percent) as one of the most important attributes of their forecasting process followed by the “depth” (33 percent) of the forecast and how accurate it is (26 percent). Those attributes, along with “transparency,” “insight,” “clarity,” and “efficiency,” make up CEB’s newly created Process Productivity Index, which can be used to assess the value corporate executives place on forecasting and budgeting. The majority of respondents believe that there is “significant room for improvement” in all of the forecasting attributes cited in the index.

While companies do look at timeliness and accuracy in forecasting, few evaluate total process costs or the value of the output. “The most important measures of process efficiency and quality are rarely tracked,” the report said.

Still, there is a better way to forecast accurately, according to the report. CFOs and their staffs need to avoid using an accounting-driven, forensic approach and instead prioritize among the forecasting variances that might occur. “The best FP&A teams treat the root causes of variance by distinguishing controllable from uncontrollable performance drivers, and doubling-down on accuracy in the underlying assumptions.”

The report also said leading companies ensure that executive management teams have agreed upon the goal of forecasting efforts before attempting process improvements. Efforts to improve budgeting and forecasting processes before agreeing upon goals have yielded disappointing results, the report notes.

Despite their discouragement over their forecasting, respondents are certainly not giving up on it. Seventy-three percent of those surveyed consider forecasting to be a “valuable activity.” This compares with 55 percent who said the same about budgeting.

Some of the unfavourable tone towards budgeting comes from having too many objectives under the “budget” heading these days, notes the report. “The budget has become a catch-all tool for a variety of management objectives, reducing its effectiveness as a resource allocation instrument and driving unhealthy managerial behaviours.”

Source: CFO.com





## First CPD Program by Dubai CMA Branch

The first CPD organised by CMA Australia, UAE Chapter (Wisdom Institute, Dubai, UAE) on 20th April 2013 was on the topic “International Business Analysis”. Attendance was overwhelming by CMA members in UAE. The attraction was due to it being a presentation by Professor Janek Ratnatunga; and due to its recognition of by AFMA (*Academy of Finance & Management Australia*) as adequate certification to be a Certified International Business Analyst (CIBA).

Members have also seen CPD programme as an opportunity to re-associate themselves with CMA Australia, UAE Chapter and an opportunity to meet other members of the CMA Australia staying in UAE. Some pictures taken at the event appear below.



*Professor Janek Ratnatunga, ICMA CEO, presenting Dubai CPD program*



*Large CMA attendance*

## AFMA – A New Provider of the ICMA CPD Program

The ICMA takes great pleasure in recognising the [Academy of Finance and Management Australia \(AFMA\)](#) as an **Approved Provider**. AFMA provides training programs and issues Board Certified credentials to successful candidates worldwide. AFMA has Board Certification professional programs in numerous finance and management fields including, accounting, marketing, information technology, economics, banking, risk management, quantitative analysis, quality control, supply chain management, valuation, portfolio management, applied finance etc., many of which are industry recognised in their specific fields.

The details of the Institute's CPD program [can be found here](#).

## What's On in the World of the CMA?

- July-Aug 2013: University of Gadjah Mada CMA Program (Jogjakarta, Indonesia)
- August 2013: Discussions with potential providers to launch ICMA in Vietnam
- August 2013: Discussions with University of Nicosia to launch ICMA in Cyprus
- Sept-Oct 2013: Telekom Indonesia CMA Program (Bandung, Indonesia)
- Sept –Nov 2013: Business Sense CMA Program (Philippines)
- Sept –Nov 2013: IPMI CMA regular class (Jakarta, Indonesia)
- Oct-Nov 2013: University Airlangga CMA Program (Surabaya, Indonesia)

### Private Providers

Navitas Workforce Solutions, Australia

Wharton Institute of Technology and Science (WITS), Australia

Academy of Professional Education, India

The Institute of Chartered Accountants in Sri Lanka (ICASL), Sri Lanka

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Multimedia College (MMC), Malaysia

Business Sense, Inc. Philippines

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